

DEPARTMENT OF STATE REVENUE

Information Bulletin #67
Sales Tax
April 2012
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DISCLAIMER: Informational bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is not consistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

SUBJECT: Exemption Available to Professional Motor Racing Teams and Two-Seater Indianapolis 500-Style Race Cars

EFFECTIVE DATE: Upon Publication

REFERENCES: [IC 6-2.5-5-37](#)

DIGEST OF CHANGES: Adds a two-seater Indianapolis 500-style race car to the type of vehicle that qualifies for the sales tax exemption provided to professional racing teams.

INTRODUCTION

Transactions involving the purchase, lease, or operation of a qualified part of a motor racing vehicle, described below, by professional racing teams are exempt from Indiana sales and use tax. This includes replacement and rebuilding and component parts of a racing vehicle. Tires and accessories are not eligible for the sales and use tax exemption if used in Indiana.

EXEMPTION AVAILABLE TO PROFESSIONAL RACING TEAMS

Chassis; engines; and their component parts, excluding tires and accessories, constitute a complete motor racing vehicle. Therefore, with the exception of tires and accessories, a motor racing vehicle purchased by a professional racing team is exempt from Indiana sales and use tax. Tires and accessories purchased by professional racing teams for any purpose are subject to Indiana sales and use tax.

EXEMPTION AVAILABLE TO INDY CAR TWO-SEATER

Effective Jan. 1, 2011 (retroactive), the owner, lessee, or operator of a company that is engaged in providing a competitive racing experience during a competitive racing event and the purchase of tangible personal property that comprises any part of a two-seater Indianapolis 500-style race car is entitled to the same sales tax exemption as is provided to a professional racing team.

For purposes of the exemption found at [IC 6-2.5-5-37](#), the following terms have the following meanings:

- "Professional racing teams" are those racing operations qualified to file under the Internal Revenue Code as for-profit businesses. To qualify as a trade or business under IRS regulations, a taxpayer must be involved in the activity with continuity and regularity and the taxpayer's primary purpose for engaging in the activity must be for income or profit. A sporadic activity, a hobby, or an amusement diversion does not qualify.
- "Engines" are engines of vehicles intended for use in competition by the professional racing teams that purchase, lease, or operate the engines.
- "Chassis" are chassis of vehicles intended for use in competition by the professional racing teams that purchase, lease, or operate the chassis. For purposes of this exemption, the term "chassis" does not include tires or accessories but does include paint and decals.
- "Tires" are tires of vehicles intended for use in competition by the professional racing teams that purchase, lease, or operate the tires. Tires include tubes and exclude wheels.
- "Accessories" include any and all instrumentation and telemetry equipment that is not permanently attached to the racing vehicle. Accessories also include consumables and all elements of the motor vehicle driver's protective clothing and headgear. Accessories do not include instrumentation and telemetry equipment permanently affixed to the racing vehicle.

Indiana Register

An Indiana-based professional racing team or the owner, operator, or lessee of a two-seater Indianapolis 500-style race car wishing to purchase items exempt pursuant to this exemption must claim the professional motor racing vehicle exemption on Form ST-105 General Sales Tax Exemption Certificate. Form ST-105 is available online at <http://www.in.gov/dor/3504.htm>.

A race team not located (based) in Indiana that is already registered in its home state may issue a Form ST-105 by using its home state business tax identification number.

John Eckart
Commissioner

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